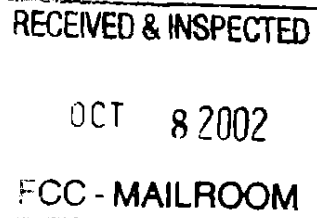




Mitchell & Titus, LLP

Certified Public Accountants
and Consultants

One Battery Park Plaza
New York, NY 10004-1461
Tel (212) 709-4500
Fax (212) 709-4680
E-mail: newyork.office@mitchelltitus.com



October 1, 2002

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 13th Street, S.W. Room TWB-204
Washington, D.C. 20554

EX PARTE OR LATE FILED

Dear Ms. Dortch:

Re: **Ex Parte:**

In re Application of GTE Corp., Transferor, and Bell Atlantic Corporation, Transferee For Consent to Transfer Control of Domestic and International Sections 214 and 310 Authorizations and Application to Transfer Control of a Submarine Cable Landing License CC Docket No. 98-184

We submitted through the Electronic Comment Filing System ("ECFS") a final version of our Independent Accountant's Reports related to the Service Quality Genuity Condition on October 1, 2002.

The enclosed materials were filed pursuant to Verizon Communications Inc.'s ("Verizon") obligations under Appendix D, Section XXII, Paragraph 56 (e) of the above referenced docket to obtain an independent audit of its compliance with Bell Atlantic/GTE's divestiture of Genuity. The accompanying material includes:

- Independent Accountant's Report on Compliance
- Report of Management on Compliance with the Service Quality Genuity Conditions Set Forth in FCC Order Approving the Bell Atlantic/GTE Merger
- Independent Accountant's Report on Internal Controls Over Compliance
- Report of Management on the Effectiveness of Controls over Compliance with the Service Quality Genuity Conditions Set Forth in FCC Order Approving the Bell Atlantic/GTE Merger

Paragraph 56(e) requires that this audit report be made publicly available; therefore, its distribution is not limited.

Very truly yours,

Mitchell & Titus, LLP

By:

Mitchell & Titus, LLP

No. 98-184-1000
List AGCOT 2

Enclosures

cc: Ms. M. Del Duca
Mr. H. Boyle
Mr. A. Dale
Mr. M. Stephens
Mr. M. Stone
Mr. S. Kennedy

RECEIVED & INSPECTED

OCT 8 2002

FCC - MAILROOM

**Mitchell & Titus, LLP**Certified Public Accountants
and ConsultantsOne Battery Park Plaza
New York, NY 10004-1461
Tel (212) 709-4500
Fax (212) 709-4680
E-mail: newyork.office@mitchelltitus.com

Independent Accountant's Report On Internal Controls Over Compliance

To the Board of Directors of Verizon Communications Inc. and
Federal Communications Commission:

EX PARTE OR LATE FILED

We have examined Verizon Communications Inc.'s ("Verizon") internal controls over compliance with the requirements¹ of paragraphs 72 ("Service Quality Genuity Conditions") of Federal Communications Commission's ("FCC") Memorandum Opinion and Order in Commission Carrier Docket No. 98-184² approving the Bell Atlantic/GTE Merger ("Merger Order"), for the year ended December 31, 2001, and management's assertion, included in the accompanying Report of Management on the Effectiveness of Controls over Compliance with the Service Quality Genuity Conditions set forth in FCC Order Approving the Bell Atlantic/GTE Merger, that Verizon maintained effective internal controls over its compliance with the Service Quality Genuity Conditions for the year ended December 31, 2001³. The management of Verizon is responsible for maintaining effective internal controls over compliance with the Service Quality Genuity Conditions. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included obtaining an understanding of the internal controls over compliance with the Service Quality Genuity

The requirements set forth in the Merger Order regarding the Service Quality Genuity Conditions are as follows: (a) Verizon shall report, on a disaggregated, company-specific basis, certain of the service quality data described in Table 1 of the ARMIS Report NO.43-05 to show the service levels Verizon (and its operating advanced services affiliate) provides to Genuity, Inc. ("Genuity") as compared to other companies purchasing its high-speed and regular special access services. Specifically, Verizon shall report and make available to the independent auditor and FCC, performance data for the following measurements for these services on monthly basis: the percent of commitments met; the average interval in days; the average delay days due to lack of facilities; the average interval to repair service (in hours); and the trouble report rate (the "Service Quality Reports"). (b) any attempt of Verizon to discriminate by denying Genuity in the provision of high-speed access and regular special access services will be readily detectable in the Service Quality Reports by the independent auditor and the FCC.

Application of GTE Corporation, Transferor, and Bell Atlantic Corporation, Transferee, for Consent to Transfer Control of Domestic and International Sections 214 and 310 Authorizations and Application to Transfer Control of a Submarine Cable Landing License, CC Docket No. 98-184, Memorandum Opinion and Order, 15 FCC Red 14032, 14143 (2000)

Verizon's internal control over compliance with the Service Quality Genuity Conditions was not addressed in our examination report dated May 31, 2002 as a result of a letter from the Deputy Chief, Investigations and Hearings Division, Enforcement Bureau of the FCC staff dated May 29, 2002 (the "May 29th Letter") to the Senior Vice President, Regulatory Compliance of Verizon which postponed our reporting of Verizon's internal control over compliance with the Service Quality Genuity Conditions to December 31, 2002.

conclusions, testing and evaluating the design and operating effectiveness of the internal controls, and performing such other procedures, as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In a case of the inherent limitations in any internal control, misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal control over compliance with the Service Quality Gemunity Conditions to future periods are subject to the risk that the internal control may become inadequate because of changes in conditions, or that the degree of compliance with the internal controls may deteriorate.

In our opinion, Verizon maintained, in all material respects, effective internal control over compliance with the Service Quality Gemunity Conditions, for the year ended December 31, 2001. Our report does not affect our examination report dated May 31, 2002 on Verizon's internal control over compliance with the Gemunity Conditions.

This report is intended solely for the information and use of the Board of Directors of Verizon and the FCC and is not intended to be and should not be used by anyone other than these specified parties. Since this report is a matter of public record, its distribution is not limited.

Mitchell & Titus, LLP

New York, New York
September 30, 2002

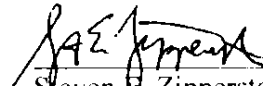
**Report of Management on the Effectiveness of Controls over Compliance with the
Service Quality Genuity Condition Set Forth in FCC Order Approving the Bell
Atlantic/GTE Merger**

Management of Verizon is responsible for establishing and maintaining effective internal controls over its compliance with the Federal Communications Commission's ("FCC's") service quality condition concerning certain special access service reports relating to Genuity set forth in paragraph 72 of the FCC order approving the transfer of control of GTE to Bell Atlantic ("Service Quality Genuity Condition"). *In re Application of GTE Corporation and Bell Atlantic Corporation for Consent to Transfer Control of Domestic and International Sections 214 and 310 Authorizations and Application to Transfer Control of Submarine Cable Landing License*, CC Docket No. 98-184, Memorandum Opinion and Order (rel. June 16, 2000) ("Merger Order").

Verizon's internal controls have been designed to comply with the Service Quality Genuity Condition. There are inherent limitations in any control, including the possibility of human error and the circumvention or overriding of the controls. Accordingly, even effective controls can provide only reasonable assurance with respect to the achievement of the objectives of controls. Further, because of changes in conditions, the effectiveness of controls may vary over time.

Verizon has determined that the objectives of the internal controls with respect to compliance with the Service Quality Genuity Condition are to provide reasonable, but not absolute, assurance that compliance with the Service Quality Genuity Condition has been achieved.¹

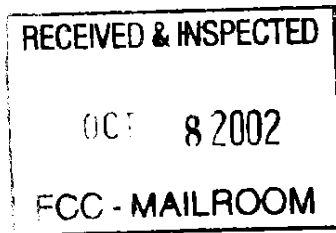
Verizon has assessed its internal controls over compliance with the Service Quality Genuity Condition. Based on this assessment, the Company asserts, to the best of its knowledge and belief, that for the period January 1 through December 31, 2001 (the "Evaluation Period") its internal controls over compliance with the Service Quality Genuity Condition were effective in providing reasonable assurance that Verizon has complied with the Service Quality Genuity Condition in all material respects.


Steven R. Zipperstein

Dated: September 30, 2002²

¹ PricewaterhouseCoopers is separately auditing the accuracy and completeness of performance data for the service quality reports that are the subject of this Report of Management. Accordingly, this Report does not cover accuracy and completeness of such data. The date for PricewaterhouseCoopers' report on accuracy and completeness was extended from June 1, 2002 to October 1, 2002 by the FCC's Enforcement Bureau. See Letter from M. F. Del Duca, Federal Communications Commission, to J. W. Ward, Verizon (May 29, 2002).

² The date for the independent accountant's (Mitchell & Titus') report on the Service Quality Genuity Condition was extended from June 1, 2002 to October 1, 2002 by the FCC's Enforcement Bureau. See Letter from M. F. Del Duca, Federal Communications Commission, to J. W. Ward, Verizon (May 29, 2002).



Mitchell & Titus, LLP

Certified Public Accountants
and Consultants

One Battery Park Plaza
New York, NY 10004-1461
Tel (212) 709-4500
Fax (212) 709-4680

E-mail: newyork.office@mitchelltitus.com

ORIGINAL

**Independent Accountant's Report
On Compliance**

EX PARTE OR LATE FILED

To: the Board of Directors of Verizon Communications Inc. and
Federal Communications Commission:

We have examined Verizon Communications Inc.'s ("Verizon") compliance with the requirements¹ of Paragraph 72 ("Service Quality Genuity Conditions") of the Federal Communications Commission's ("FCC") Memorandum Opinion and Order in Common Carrier Docket No. 98-184² approving the Bell Atlantic/GTE Merger ("Merger Order"), for the year ended December 31, 2001, and management's assertion, included in the accompanying Report of Management on Compliance with the Service Quality Genuity Conditions Set Forth in FCC Order Approving the Bell Atlantic/GTE Merger ("Report of Management"), that Verizon complied with the Service Quality Genuity Conditions, for the year ended December 31, 2001³. The management of Verizon is responsible for their compliance with specified requirements of the Service Quality Genuity Conditions. Our responsibility is to express an opinion based on our examination.

Our examination was made in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about Verizon's compliance with the Service Quality Genuity Conditions and performing such other procedures, as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on Verizon's compliance with specified requirements.

The requirements set forth in the Merger Order regarding the Service Quality Genuity Conditions are as follows: "That Verizon shall report, on a disaggregated, company-specific basis, certain of the service quality levels described in Table I of the ARMIS Report NO.43-05 to show the service levels Verizon (and its certain advanced services affiliate) provides to Genuity, Inc. ("Genuity") as compared to other companies purchasing its high-speed and regular special access services. Specifically, Verizon shall create, and made available to the independent auditor and FCC, performance data for the following measurements for these services on monthly basis: the percent of commitments met; the average interval to repair service; the average delay days due to lack of facilities; the average interval to repair service (in hours); and the trouble report rate (the "Service Quality Reports"). (b) any attempt of Verizon to discriminate by denying Genuity in the provision of high-speed access and regular special access services will be readily detectable in the Service Quality Reports by the independent auditor and the FCC.

Application of GTE Corporation, Transferor, and Bell Atlantic Corporation, Transferee, for Consent to Transfer Control of Domestic and International Sections 214 and 310 Authorizations and Application to Transfer Control of a Submarine Cable Landing License, CC Docket No. 98-184, Memorandum Opinion and Order, 15 FCC Red 14032, 14143 (2000)

Verizon's compliance with the Service Quality Genuity Conditions was not addressed in our examination period ended May 31, 2002 as a result of a letter from the Deputy Chief, Investigations and Hearings Division, Enforcement Bureau of the FCC staff dated May 29, 2002 (the "FCC May 29th Letter") to the Verizon Vice President, Regulatory Compliance of Verizon which postponed our reporting of the Service Quality Genuity Conditions to October 1, 2002.

3. As noted in the accompanying Report of Management, Verizon provided the Service Quality Reports to the FCC and Mitchell & Titus, LLP ("M&T") to assist in the assessment of whether Verizon discriminated in favor of Genuity in the provision of high-speed special access and regular special access services; however, Verizon did not provide an assertion as to whether they have discriminated in favor of Genuity, because, in management's opinion, no such assertion is required by the Merger Order. The Merger Order, in management's opinion, requires Verizon to comply with the requirements of Service Quality Genuity Conditions by providing the Service Quality Reports. We found no objective criteria in the Merger Order sufficient to permit us to form an opinion on whether Verizon discriminated in the provision of high-speed and regular special access services to Genuity than other unaffiliated carriers. Due to the absence of such criteria, we are unable to express an opinion on whether Verizon discriminated in favor of Genuity in the provision of high-speed access and regular special access services.
4. Pursuant to the FCC May 29th Letter, M&T should use Section 202(a) of the Telecommunications Act of 1996 ("Act") as guidance to evaluate special access discrimination. According to the FCC, evaluating discrimination under Section 202(a) of the Act is a "three-prong" process: (i) determining which services are "like" services; (ii) determining whether there are service quality differences for like services; and (iii) determining whether those differences are unjust or unreasonable. The FCC May 29th Letter was modified by the FCC June 12th Letter⁴, which required M&T to perform only the first "two-prongs" of Section 202(a) of the Act because, according to the FCC staff, Paragraph 72 of the Merger Order only requires the auditor to determine whether Verizon's special access service quality to Genuity was better, as defined in the Appendix, than other unaffiliated carriers, and not to determine whether discrimination is "unjust or unreasonable." As fully described in the Appendix, M&T performed the first two-prongs, as instructed by the FCC, using a statistical approach to identify statistically significant instances where Verizon provided better service to Genuity. Based on the results of these procedures, we disclosed in Section III of the Appendix instances where Genuity received statistically significant better service than other unaffiliated carriers. The Appendix was included with this examination report so that the FCC may evaluate Verizon's compliance with the Merger Order.
5. In our opinion, except for the lack of criteria to determine discrimination described in Paragraph 3 where we render no opinion and the FCC's evaluation whether instances of statistically significant better service provided to Genuity by Verizon described in Paragraph 4 represent material noncompliance with the Service Quality Genuity Conditions, Verizon complied, in all material respects, with the Service Quality Genuity Conditions for the year ended December 31, 2001. This report does not affect our examination report dated May 31, 2002 on Verizon's compliance with the Genuity Conditions.

⁴ Letter from the Deputy Chief, Investigations and Hearings Division, Enforcement Bureau of the FCC dated June 12, 2002, to the Senior Vice President, Regulatory Compliance of Verizon ("FCC June 12 Letter").

- This report is intended solely for the information and use of the Board of Directors of Verizon and the FCC and is not intended and should not be used by anyone other than these specified parties. Since this report is a matter of public record, its distribution is not limited.

Mitchell & Titus, LLP

New York, New York
September 30, 2002

**Service Quality Conditions
Statistical Analysis of Special Access Services Provided to
Genuity and Other Unaffiliated Carriers
September 30, 2002**

I. Introduction

The Statistical Analysis of Special Access Services Provided to Genuity, Inc. ("Genuity") and Other Unaffiliated Carriers (the "Statistical Analysis") is attached to Mitchell & Titus, LLP's ("M&T") examination report on Verizon's compliance with the Service Quality Conditions dated September 30, 2002 pursuant to the FCC June 12th Letter to the Senior Vice President, Regulatory Compliance of Verizon, which requests M&T to perform the following analysis on each state and month:

1. Compare service quality for like services (i.e. DS-0, DS-1, DS-3 and OC-n) and
2. Report instances where Genuity received better service than other unaffiliated carriers.

The information included in this Appendix is presented for the purpose of additional evaluation of Verizon's performance by the FCC. The FCC addressed a letter to M&T dated September 27, 2002 which provided, among other things, the definition of "better" service as follows:

- For measurements stated in intervals (i.e. Average Interval in days, Average Delay Days Due to Lack of Facilities and Average Interval to Repair Service in hours), "better" service means Genuity received faster service than other unaffiliated carriers.
- For the Percentage Commitments Met measurement, "better" service means the Percentage Commitments Met for Genuity is higher than other unaffiliated carriers.
- For the Trouble Report Rate measurement, "better" service means the Trouble Report Rate for Genuity is lower than other unaffiliated carriers.

II. Statistical Methodology and Significant Assumptions**a. Summary of Disaggregated Information used in the Statistical Analysis****Information Requested from Verizon:**

In addition to information Verizon provided in the monthly service quality reports for regular and high-speed special access services required by the Merger Order, M&T requested Verizon to provide the following data for the year ended December 31, 2001:

1. Special access service installation intervals (in days) disaggregated by state, service type (i.e., DS-0, DS-1, DS-3, and OC-n) and month for Genuity, Verizon affiliates, and other unaffiliated carriers; and

**Service Quality Conditions
Statistical Analysis of Special Access Services Provided to
Genuity and Other Unaffiliated Carriers
September 30, 2002**

2. Special access service repair intervals (in hours) disaggregated by state, service type (i.e., DS-0, DS-1, DS-3, and OC-n), and month for Genuity, Verizon affiliates, and other unaffiliated carriers.

Information Provided by Verizon:

Installation data (the "Installation Data") and repair data (the "Repair Data") (together called the "Monthly Data") from January 2001 to December 2001 for Genuity, Verizon affiliates and other unaffiliated carriers were provided.

Monthly Data were made available for 34 jurisdictions¹. Monthly Data were provided for the following disaggregated circuit information: DS-0; DS-1; DS-2; DS-3; OC-1; and, OC-3.

The Installation Data were used to compute the Average Interval (in days) ("AI") for installation services performance measure. The Repair Data were used to compute the Average Interval to Repair Service (in hours) ("AIRS") performance measure.

In many of the combinations of state, service line, and month in the Monthly Data provided by Verizon, there was little or no Genuity activity. The low volume of Genuity activity impacted our methodology as described below.

Information not Provided by Verizon:

Verizon provided all requested data except where necessary disaggregated archival data were unavailable as described below:

Installation Data disaggregated by circuit information for certain jurisdictions:

For the months of January 2001 through April 2001, no Installation Data disaggregated by circuit information (i.e., DS-0, DS-1, DS-3 and OC-n) were made available by Verizon for the following jurisdictions:

- a. New Jersey
- b. Pennsylvania
- c. Delaware
- d. Maryland
- e. District of Columbia

¹Alabama, Arizona, California, Connecticut, Delaware, District of Columbia, Florida, Hawaii, Idaho, Illinois, Indiana, Kentucky, Maryland, Massachusetts, Maine, Michigan, Missouri, Montana, North Carolina, New Hampshire, New Jersey, Nevada, New York, Ohio, Oregon, Pennsylvania, Rhode Island, South Carolina, Texas, Virginia, Vermont, Washington, Wisconsin, and West Virginia.

**Service Quality Conditions
Statistical Analysis of Special Access Services Provided to
Genuity and Other Unaffiliated Carriers
September 30, 2002**

- f. Virginia
- g. West Virginia

Repair Data disaggregated by circuit information for certain jurisdictions:

In addition, for the months of January 2001 through May 2001, Repair Data disaggregated by circuit information as described above were provided for certain states in combination with such data for other states as follows:

- a. Pennsylvania and Delaware
- b. Chesapeake & Potomac, which include the jurisdictions of District of Columbia, Maryland, Virginia and West Virginia

According to Verizon management, this information was presented in the monthly Service Quality Reports disaggregated by regular and high-speed special access service types submitted by Verizon to M&T and the FCC as required by paragraph 72 of the Merger Order; however, the records on a disaggregated circuit basis (i.e., DS-0, DS-1, DS-3 and OC-n) were not archived because, according to Verizon management, the Merger Order did not require reporting at this level of disaggregation.

Data for remaining performance measurements:

On August 26, 2002, disaggregated circuit information was requested by M&T from Verizon for the following additional performance measures for the year ended December 31, 2001:

- a. Percentage of Commitments Met
- b. Trouble Report Rate
- c. Average Delay Days Due to Lack of Facilities

According to Verizon management, Verizon is able to provide responsive information subject to availability of archival data; however, responsive data would take approximately eight (8) weeks to produce and therefore would not be available until after the October 1, 2002 reporting deadline established by the FCC staff.

Except for the data combined by state, the information noted above was not included in the Monthly Data used in the Statistical Analysis.

b. Methodology and Significant Assumptions employed in the Statistical Analysis

Because of the low volume of Genuity activity in the Monthly Data described above, the commonly used t- or z- tests for the comparison of means were not used because of their strong assumptions of approximate normality and equal variance. Instead, a permutation

**Service Quality Conditions
Statistical Analysis of Special Access Services Provided to
Genuity and Other Unaffiliated Carriers
September 30, 2002**

test was used for all comparisons between Genuity and other unaffiliated carriers.² Permutation tests do not have the strong data assumptions made by parametric tests to obtain correct probabilities of incorrect rejection of the hypothesis of no difference in service. Thus they allow valid comparisons for very small sample sizes. Should other statistical methodologies or assumptions be used, the statistical results may vary.

Both one-tailed ("One-Tailed Test") and two-tailed tests ("Two-Tailed Test") of significance were used in the Statistical Analysis. The One-Tailed Tests only provide one-directional differences where Genuity may receive statistically significant better service than other unaffiliated carriers. The Two-Tailed Tests provide two directional differences where Genuity may receive statistically significant (i) faster service and (ii) slower service than other unaffiliated carriers.

A 95% level of significance was used in the One-Tailed and Two-Tailed Tests. When there are no differences in service levels provided to Genuity and the other unaffiliated carriers, 5% of the tests would be expected to be statistically significant by chance alone, which means that under the test design, 5% of the time, significant differences will be identified even when there are, indeed, no differences.

Monthly, quarterly and semi-annual tests were performed using the Monthly Data provided by Verizon.

III. Results of the Statistical Analysis

The results of the Statistical Analysis presented below are based upon the low Genuity activity volumes, the available data, and the methodology and assumptions described above. It should be noted that statistical significance merely indicates a difference was large enough to indicate that a real difference exists. It does not suggest anything about the practical significance of that difference or indicate anything about the cause of the difference.

In addition, the results of the Statistical Analysis do not consider relevant factors (such as understanding the causes of variances in service provided, consideration of customer requirements affecting each service, etc.) that may impact the said analysis.

² The exact test based on the pooled t statistic, using all possible comparisons, was used when the number of possible comparisons was less than 1000. When the number of possible comparisons was greater than 1000, a random subset of the 1000 possible comparisons was used.

**Service Quality Conditions
Statistical Analysis of Special Access Services Provided to
Genuity and Other Unaffiliated Carriers
September 30, 2002**

1. One-Tailed Test Results

Average Interval for Installation Services

Monthly Tests

Of 87 monthly tests performed on AI, there were 12 instances, which indicated that Genuity received statistically significant better service than other unaffiliated carriers. The remaining 75 tests showed no statistically significant difference in service.

Quarterly Tests

Of the 65 quarterly tests performed on AI, there were 11 instances, which indicated that Genuity received statistically significant better service than other unaffiliated carriers. The remaining 54 tests showed no statistically significant difference in service.

Semi-Annual Tests

Of the 49 semi-annual tests performed on AI, there were 9 instances, which indicated that Genuity received statistically significant better service than other unaffiliated carriers. The remaining 40 tests showed no statistically significant difference in service.

Average Interval for Repair Services

Monthly Tests

Of the 140 monthly tests performed on AIRS, there were 12 instances, which indicated that Genuity received statistically significant better service than other unaffiliated carriers. The remaining 128 tests indicated no statistically significant difference in service.

Quarterly Tests

Of the 85 quarterly tests performed on AIRS, there were 10 instances, which indicated that Genuity received statistically significant better service than other unaffiliated carriers. The remaining 75 tests indicated no statistically significant difference in service.

Semi-Annual Tests

Of the 57 semi-annual tests performed on AIRS, there were 8 instances, which indicated that Genuity received statistically significant better service than other unaffiliated carriers. The remaining 49 tests indicated no statistically significant difference in service.

**Service Quality Conditions
Statistical Analysis of Special Access Services Provided to
Genuity and Other Unaffiliated Carriers
September 30, 2002**

b. Two-Tailed Test Results

Average Interval for Installation Services

Monthly Tests

Of the 87 monthly tests performed on AI, there were 8 instances, which indicated that Genuity received statistically significant better service than other unaffiliated carriers and 4 instances, which indicated that Genuity received statistically significant slower service. The remaining 75 tests indicated no statistically significant difference in service.

Quarterly Tests

Of the 65 quarterly tests performed on AI, there were 11 instances, which indicated that Genuity received statistically significant better service than other unaffiliated carriers and no instances, which indicated that Genuity received statistically significant slower service. The remaining 54 tests indicated no statistically significant difference in service.

Semi-Annual Tests

Of the 49 semi-annual tests performed on AI, there were 9 instances, which indicated that Genuity received statistically significant better service than other unaffiliated carriers and no instances, which indicated that Genuity received statistically significant slower service. The remaining 40 tests indicated no statistically significant difference in service.

Average Interval for Repair Services

Monthly Tests

Of the 140 monthly tests performed on AIRS, there were 5 instances, which indicated that Genuity received statistically significant better service than other unaffiliated carriers, and 13 instances, which indicated that Genuity received statistically significant slower service. The remaining 122 tests indicated no statistically significant difference in service.

Quarterly Tests

Of the 85 quarterly tests performed on AIRS, there were 3 instances, which indicated that Genuity received statistically significant better service than other unaffiliated carriers, and 7 instances, which indicated that Genuity received statistically significant slower service. The remaining 75 tests indicated no statistically significant difference in service.

Semi-Annual Tests

Of the 57 semi-annual tests performed on AIRS, there were 2 instances, which indicated that Genuity received statistically significant better service than other unaffiliated carriers, and 3 instances, which indicated that Genuity received statistically significant slower service. The remaining 52 tests indicated no statistically significant difference in service.

**Report of Management on Compliance with the Service Quality Genuity Condition
Set Forth in FCC Order Approving the Bell Atlantic/GTE Merger**

Management of Verizon Communications Inc. ("Verizon") is responsible for complying with the service quality condition concerning certain special access service reports relating to Genuity set forth in paragraph 72 of the Federal Communications Commission's ("FCC's") Memorandum Opinion and Order in CC Docket No. 98-184 approving the Bell Atlantic/GTE Merger ("Merger Order") released June 16, 2000 ("Service Quality Genuity Condition").

Management has performed an evaluation of Verizon's compliance with the requirements of the Service Quality Genuity Condition for the period of January 1, 2001 through December 31, 2001. Based on this evaluation, we assert, to the best of our knowledge and belief, that Verizon complied with the requirements in all material respects as described further below.

Service Quality

Verizon complied with the requirements of the Service Quality Genuity Condition by providing service quality reports required by paragraph 72 of the Merger Order to the FCC and the independent auditor to assist in their assessment of whether Verizon discriminated in favor of Genuity in the provision of high-speed special access and regular special access services.¹


Steven B. Zipperstein

Dated: September 30, 2002²

PricewaterhouseCoopers is separately auditing the accuracy and completeness of performance data for the service quality reports that are the subject of this Report of Management. Accordingly, this Report does not cover accuracy and completeness of such data. The date for PricewaterhouseCoopers' report on accuracy and completeness was extended from June 1, 2002 to October 1, 2002 by the FCC's Enforcement Bureau. See Letter from M. F. Del Duca, Federal Communications Commission, to J. W. Ward, Verizon (May 29, 2002).

² The date for the independent accountant's (Mitchell & Titus') report on the Service Quality Genuity Condition was extended from June 1, 2002 to October 1, 2002 by the FCC's Enforcement Bureau. See Letter from M. F. Del Duca, Federal Communications Commission, to J. W. Ward, Verizon (May 29, 2002).